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Accountant's Compilation Report

Board of Directors
Cundall Farms Metropolitan District
Adams County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Cundall Farms Metropolitan District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017 and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Cundall Farms Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 9, 2018

**CUNDALL FARMS METROPOLITAN DISTRICT
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/9/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 1,482,066	\$ 1,233,729	\$ 928,626
REVENUES			
1 Property taxes	46,084	175,600	603,665
2 Specific ownership taxes	3,798	5,411	66,403
3 Developer advance	40,000	28,706	-
4 Net investment income	6,503	7,275	10,350
5 Other income	-	495	-
6 Bond issuance	1,575,000	12,427,000	-
7 Operations Fee	91,768	128,530	149,742
Total revenues	<u>1,763,153</u>	<u>12,773,017</u>	<u>830,160</u>
TRANSFERS IN	<u>100,000</u>	<u>7,559</u>	<u>-</u>
Total funds available	<u>3,345,219</u>	<u>14,014,305</u>	<u>1,758,786</u>
EXPENDITURES			
8 General and administration			
9 Accounting	13,630	18,000	20,000
10 Audit	4,700	4,700	5,000
11 Contingency	-	-	1,785
12 County Treasurer's fees	115	439	1,509
13 Dues and membership	434	418	500
14 Election	1,654	-	1,750
15 Insurance	3,266	3,328	4,500
16 Legal	19,030	25,000	25,000
17 Miscellaneous	103	55	100
18 Operations and maintenance			
19 Accounting	5,850	-	-
20 Back Flow testing	-	-	1,200
21 Community activities	-	-	3,000
22 Electricity	-	-	1,200
23 Facilities Management	13,073	12,000	20,640
24 Facilities management - transfer fee	-	14,000	21,000
25 Grounds cleanup	-	-	3,200
26 Landscape maintenance - contrac	-	500	48,870
27 Landscape replacements	-	-	1,200
28 Lighting	-	-	50
29 Postage and Delivery	1,053	2,200	700
30 Snow removal	-	-	7,800
31 Sprinkler repair	-	-	5,300
32 Tract conveyance	-	-	1,200
33 Water and Sewer - Irrigation	-	24,000	25,000
34 Debt service			
35 Bond interest - 2014	469,906	234,953	-
36 Bond interest - 2017	-	31,903	460,224
37 Bond issue costs	-	577,014	-
38 Contingency	-	-	20,230
39 Cost of Issuance	-	409,300	-
40 County Treasurer's fees	577	2,195	7,546
41 Paying agent fees	3,000	3,000	3,000
42 Refunding Escrow payment	-	9,325,116	-
43 Capital projects			
44 Bond issuance costs	139,169	70,370	-
45 Repay developer advance	1,288,680	2,319,630	-
46 Underwriter's discount	47,250	-	-
Total expenditures	<u>2,011,490</u>	<u>13,078,121</u>	<u>691,504</u>
TRANSFERS OUT	<u>100,000</u>	<u>7,559</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>2,111,490</u>	<u>13,085,680</u>	<u>691,504</u>
ENDING FUND BALANCES	<u>\$ 1,233,729</u>	<u>\$ 928,626</u>	<u>\$ 1,067,282</u>
EMERGENCY RESERVE	\$ 300	\$ 949	\$ 3,351
RESERVE FUND	<u>651,350</u>	<u>743,000</u>	<u>743,000</u>
TOTAL RESERVE	<u>\$ 651,650</u>	<u>\$ 743,949</u>	<u>\$ 746,351</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/9/2018

	ACTUAL 2016	ADOPTED 2017	ADOPTED 2018
ASSESSED VALUATION - ADAMS			
Residential	\$ 248,060	\$ 2,447,470	\$ 5,508,350
Vacant Land	494,360	445,040	3,554,040
Personal Property	19,560	33,990	29,570
Oil & Gas	6,090	160	8,700
Certified Assessed Value	<u>\$ 768,070</u>	<u>\$ 2,926,660</u>	<u>\$ 9,100,660</u>
MILL LEVY			
GENERAL FUND	10.000	10.000	11.055
DEBT SERVICE FUND	50.000	50.000	55.277
Total Mill Levy	<u>60.000</u>	<u>60.000</u>	<u>66.332</u>
PROPERTY TAXES			
GENERAL FUND	\$ 7,681	\$ 29,267	\$ 100,608
DEBT SERVICE FUND	38,404	146,333	503,057
Levied property taxes	<u>46,085</u>	<u>175,600</u>	<u>603,665</u>
Adjustments to actual/rounding	(1)	-	-
Budgeted Property Taxes	<u>\$ 46,084</u>	<u>\$ 175,600</u>	<u>\$ 603,665</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 7,681	\$ 29,267	\$ 100,608
DEBT SERVICE FUND	38,403	146,333	503,057
	<u>\$ 46,084</u>	<u>\$ 175,600</u>	<u>\$ 603,665</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/9/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ (6,076)	\$ (386)	\$ 949
REVENUES			
1 Property taxes	7,681	29,267	100,608
2 Specific ownership taxes	633	2,341	11,067
3 Developer advance	40,000	28,706	-
4 Net investment income	308	25	400
5 Other income	-	495	-
Total revenues	48,622	60,834	112,075
Total funds available	42,546	60,448	113,024
EXPENDITURES			
General and administration			
6 Accounting	13,630	18,000	20,000
7 Audit	4,700	4,700	5,000
8 Contingency	-	-	1,785
9 County Treasurer's fees	115	439	1,509
10 Dues and membership	434	418	500
11 Election	1,654	-	1,750
12 Insurance	3,266	3,328	4,500
13 Legal	19,030	25,000	25,000
14 Miscellaneous	103	55	100
Total expenditures	42,932	51,940	60,144
TRANSFERS OUT			
CAPITAL PROJECTS FUND			
Total transfers out	-	7,559	-
Total expenditures and transfers out requiring appropriation	42,932	59,499	60,144
ENDING FUND BALANCES	\$ (386)	\$ 949	\$ 52,880
EMERGENCY RESERVE	\$ 300	\$ 949	\$ 3,351
TOTAL RESERVE	\$ 300	\$ 949	\$ 3,351

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
OPERATIONS FEE
FORECASTED 2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/9/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 29,804	\$ 101,596	\$ 177,677
REVENUES			
1 Net investment income	-	250	1,450
2 Operations Fee	91,768	128,530	149,742
Total revenues	<u>91,768</u>	<u>128,780</u>	<u>151,192</u>
Total funds available	<u>121,572</u>	<u>230,376</u>	<u>328,869</u>
EXPENDITURES			
Operations and maintenance			
3 Accounting	5,850	-	-
4 Back Flow testing	-	-	1,200
5 Community activities	-	-	3,000
6 Electricity	-	-	1,200
7 Facilities Management	13,073	12,000	20,640
8 Facilities management - transfer fee	-	14,000	21,000
9 Grounds cleanup	-	-	3,200
10 Landscape maintenance - contrac	-	500	48,870
11 Landscape replacements	-	-	1,200
12 Lighting	-	-	50
13 Postage and Delivery	1,053	2,200	700
14 Snow removal	-	-	7,800
15 Sprinkler repair	-	-	5,300
16 Tract conveyance	-	-	1,200
17 Water and Sewer - Irrigation	-	24,000	25,000
Total expenditures	<u>19,976</u>	<u>52,700</u>	<u>140,360</u>
Total expenditures and transfers out requiring appropriation	<u>19,976</u>	<u>52,700</u>	<u>140,360</u>
ENDING FUND BALANCES	<u>\$ 101,596</u>	<u>\$ 177,677</u>	<u>\$ 188,509</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
DEBT SERVICE FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/9/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 1,465,818	\$ 1,140,078	\$ 750,000
REVENUES			
1 Property taxes	38,403	146,333	503,057
2 Specific ownership taxes	3,165	3,070	55,336
3 Net investment income	6,175	7,000	8,500
4 Bond issuance	-	10,037,000	-
Total revenues	47,743	10,193,403	566,893
TRANSFERS IN			
CAPITAL PROJECTS FUND	100,000	-	-
Total transfers in	100,000	-	-
Total funds available	1,613,561	11,333,481	1,316,893
EXPENDITURES			
Debt service			
5 Bond interest - 2014	469,906	234,953	-
6 Bond interest - 2017	-	31,903	460,224
7 Bond issue costs	-	577,014	-
8 Contingency	-	-	20,230
9 Cost of Issuance	-	409,300	-
10 County Treasurer's fees	577	2,195	7,546
11 Paying agent fees	3,000	3,000	3,000
12 Refunding Escrow payment	-	9,325,116	-
Total expenditures	473,483	10,583,481	491,000
Total expenditures and transfers out requiring appropriation	473,483	10,583,481	491,000
ENDING FUND BALANCES	\$ 1,140,078	\$ 750,000	\$ 825,893
RESERVE FUND	\$ 651,350	\$ 743,000	\$ 743,000
TOTAL RESERVE	\$ 651,350	\$ 743,000	\$ 743,000

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/9/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ (7,480)	\$ (7,559)	\$ -
REVENUES			
1 Net investment income	20	-	-
2 Bond issuance	1,575,000	2,390,000	-
Total revenues	1,575,020	2,390,000	-
TRANSFERS IN			
GENERAL FUND	-	7,559	-
Total transfers in	-	7,559	-
Total funds available	1,567,540	2,390,000	-
EXPENDITURES			
Capital projects			
3 Bond issuance costs	139,169	70,370	-
4 Repay developer advance	1,288,680	2,319,630	-
5 Underwriter's discount	47,250	-	-
Total expenditures	1,475,099	2,390,000	-
TRANSFERS OUT			
DEBT SERVICE FUND	100,000	-	-
Total transfers out	100,000	-	-
Total expenditures and transfers out requiring appropriation	1,575,099	2,390,000	-
ENDING FUND BALANCES	\$ (7,559)	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court of Adams County, Colorado on December 1, 2009, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, fire protection, security, television relay and translation, and mosquito control.

The District is not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City of Thornton. The District is not authorized to plan for, design acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City of Thornton.

On November 3, 2009, the District's voters authorized total indebtedness of \$130,000,000 for each of the above listed facilities, \$20,000,000 for both intergovernmental and private agreements and \$20,000,000 for refunding of debt. Pursuant to the Service plan, the total Debt that the District shall be permitted to issue shall not exceed \$20,000,000. Additionally, the maximum debt mill levy is 50.000 mills, which shall not be imposed for longer than 40 years from the first year the debt service mill levy is imposed unless a refunding of the Debt has been voted upon. The election also approved an annual increase in property taxes of \$5,000,000 without limitation of rate, to pay the District's operation and maintenance costs.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary Information page of the budget using the adopted mill levy imposed by the District.

Specific Ownership

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 11.0% of the property taxes collected.

**CUNDALL FARMS METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Operations Fee

The District collects a fee of \$47.00 per month from homeowners and \$500 from each new homeowner at closing. The fees are used to cover the landscaping and maintenance costs of the District.

Expenditures

Administrative Expenditures

Administration expenses include the services necessary to maintain the District's administrative viability such as legal, accounting, insurance, dues and membership, other administrative expenses.

Maintenance Expenditures

Anticipated maintenance expenditures are shown on page 5 of the budget. Homeowners will contract separately with the City for trash removal.

Debt and Leases

On December 14, 2017, the District issued its \$9,720,000 General Obligation Refunding Bonds, Series 2017A (2017A Bonds), its \$1,500,000 Subordinate Limited Tax General Obligation Improvement Bonds, Series 2017B (2017B Bonds) and its \$792,000 Limited Tax Junior Lien Subordinate General Obligation Bonds (2017C Bonds). The proceeds from the sale of the 2017A Bonds were applied to refunding the 2014 and 2016 Bonds of the District, paying the costs of issuing the 2017 Bonds and establishing a Reserve Fund in the amount of \$743,000. The proceeds from the sale of the 2017B Bonds will be applied to public improvements and paying the costs of issuing the 2017B Bonds. The proceeds from the sale of the 2017C Bonds will be applied to public improvements for the District and paying certain costs of issuing the 2017C Bonds.

The 2017A Bonds bear interest at 4.625% to 4.750%, payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2018. The 2017A Bonds mature on December 1, 2032 and December 1, 2047. The maximum amount of the Senior Surplus Fund is \$972,000.

The 2017B Bonds bear interest at 7.375% per annum, are payable annually from Subordinate Pledged Revenue, if any, on December 15, beginning on December 15, 2018, and mature on December 15, 2047. The 2017B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the 2017B Bonds compounds annually on each December 15. The 2017B Bonds mature on December 15, 2047 and discharged on December 16, 2055, regardless of the amount of principal and interest paid on the 2017B Bonds prior to such Subordinate Termination Date.

The 2017C Bonds bear interest at the rate of 12.00% per annum, and are payable annually from Junior Subordinate Pledged Revenue, if any available, on each December 15, commencing on the first December 15 occurring after the 2017B Bonds have been paid in full or are no longer outstanding, and mature on December 15, 2049. The 2017C Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the 2017C Bonds compounds annually on each December 15. All of the 2017C Bonds and interest thereon will be deemed to be paid, satisfied and discharged on December 16, 2055, regardless of the amount of principal and interest paid on the 2017C Bonds prior to such Termination Date.

**CUNDALL FARMS METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

A debt service schedule for the 2017A Bonds is attached.

The District has no operating or capital leases.

Reserve Funds

Debt Service Reserve

The Senior Debt Service Reserve Requirement on the 2017 Bond is \$743,000.

Emergency Reserve

The District has provided an Emergency Reserve fund equal to at least 3% of fiscal year spending, as defined under the TABOR Amendment. Such Emergency Reserve is an integral part of Ending Fund Balance for the Government operations.

This information is an integral part of the budget.

**CUNDALL FARMS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$6,835,000 General Obligation Bonds (Limited Tax Convertible to Unlimited Tax)

Series 2017A

Dated December 14, 2017

Principal due December 1

\$2,165,000 4.625% Term Bonds Due December 1, 2036

\$7,555,000 5.000% Term Bonds Due December 1, 2047

<u>Year Ended December 31,</u>	<u>Interest Due June 1 and December 1</u>		<u>Annual Debt</u>
	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2018	-	460,624	460,624
2019	-	477,881	477,881
2020	75,000	477,881	552,881
2021	100,000	474,413	574,413
2022	120,000	469,788	589,788
2023	125,000	464,238	589,238
2024	140,000	458,456	598,456
2025	145,000	451,981	596,981
2026	165,000	445,275	610,275
2027	175,000	437,644	612,644
2028	195,000	429,550	624,550
2029	205,000	420,531	625,531
2030	225,000	411,050	636,050
2031	235,000	400,644	635,644
2032	260,000	389,775	649,775
2033	270,000	377,750	647,750
2034	300,000	364,250	664,250
2035	310,000	349,250	659,250
2036	340,000	333,750	673,750
2037	360,000	316,750	676,750
2038	390,000	298,750	688,750
2039	410,000	279,250	689,250
2040	445,000	258,750	703,750
2041	465,000	236,500	701,500
2042	505,000	213,250	718,250
2043	530,000	188,000	718,000
2044	570,000	161,500	731,500
2045	600,000	133,000	733,000
2046	640,000	103,000	743,000
2047	1,420,000	71,000	1,491,000
	<u>9,720,000</u>	<u>10,354,481</u>	<u>20,074,481</u>